In the Claims

Please amend the claims as follows:

1. (Currently Amended) An auction system for determining M winning bidder(s) from a plurality of potential bidders for N items(s) of merchandise, comprising:

a web server;

an account database with for maintaining account records with payment units for covering bid prices, a first account record of which being associated with a first bidder and a second account record of which being associated beingassociated with a second bidder; and

an auction web server operatively linked to a the web server for receiving and processing one or more bids one of which being a first bid with a first bid price from a first bidder and another one of which being a second bid with a second bid price from the second bidder where the second bid is associated with a second bid price, wherein the auction server is configured to reserve payment units covering the first bid price from the first account record if, when received, the first bid is deemed valid and the second bid price from the second account record if, when received, the second bid is a deemed valid bid.

2. (Currently Amended) The auction system of claim 1, wherein, for any bid that is higher than one or both of the first and second bids, the auction server is further configured to unreserve a the payment units covering the respective one or both of the first and second bid pricesprice associated with a first bid from the first bidder.

3. (Currently Amended) The auction system of claim 1, wherein [[M+=1]]M=1 and N=1.

4. (Original) The auction system of claim 1, wherein M=N.

5. (Currently Amended) The auction system of claim 1, wherein the account recordspoints in the account database containare universal pointssuch that points-when earned through one merchant can be redeemed with another merchant.

6. (Previously Presented) The auction system of claim 2, wherein the first and second bid prices are covered by payment units including incentive points.

7. (Previously Presented) The auction system of claim 2, wherein the first and second bid prices are payable with money.

8. (Currently Amended) An auction processing server for allowing a plurality of bidders to bid on at least one item, comprising:

an account file containing account records of payment units, where each account record is associated with a bidder;

a web server ~~linked via the Internet to a plurality of clients associated with the plurality of bidders for receiving~~operative to receive bids from the plurality of bidders via the Internet, where each bid is associated with a bidder-selected number of payments units;

a database server operative to reserve the bidder-selected number of payment units ~~in~~ from the respective bidder's ~~respective~~ account record if the selected number of payment units is available in ~~the~~ that account record.

9. (Currently Amended) The auction processing server of claim 8, wherein the web server is operative to receive a first bid of first number of payment units from a first bidder and a second bid of a second number of payment units from a second bidder ~~and a first bid of first number of payment units from a first bidder~~, and wherein the database server is operative to unreserve the first number of payment units from the first bidder's account record ~~of the first bidder~~ if the first number of payment units is lower than the second number of payment units.

10. (Currently Amended) The auction processing server of claim 8, wherein the payment units contained in the account records include incentive points.

11. (Currently Amended) An auction processing server for allowing a plurality of bidders to bid on at least one item, comprising:

an account database with account records that contain points data in encrypted form, where each account record is associated with a bidder for storing payment units;

a first logic operative to receive bids from the plurality of bidders, where each bid is associated with a bidder-selected number of payment units and ~~a second~~an automated ~~bidder~~ maximum number of payment units;

a second logic operative to reserve each bidder's automated maximum number of payment units from~~the bidder-selected maximum number of payment units in~~ the ~~bidder's~~ respective bidder's account record if the ~~second~~bidder's automated ~~bidder~~maximum number of payment units is available in ~~the~~that account record.

12. (Currently Amended) The auction processing server of claim 11, wherein the first logic is further operative to receive a first bid of first number of payment units from a first bidder and a second bid of a second number of payment units from a second bidder ~~and a first bid of first number of payment units from a first bidder~~, and wherein the second logic is further operative to unreserve the first bidder's number of payment units from the account record of the first bidder if the first number of payment units is lower than the second number of payment units.

13. (Currently Amended) The auction processing server of claim 11, wherein the first logic is further operative to receive a first bid of a first number of payment units from a first bidder and a second bid of a second number of payment units from a second bidder ~~and a first automated bidder maximum number of payment units~~, and wherein the second logic is further operative to unreserve the first bidder's automated ~~bidder~~maximum number of payment units from the account record of the first bidder if the first number of payment units is ~~less~~lower than the second number of payment unit.

14. (Currently Amended) The auction processing server of claim 13, wherein the second logic is further operative to unreserve the difference between a ~~final~~ winning ~~price~~bid determined at the close of bidding and the ~~second~~automated ~~bidder~~maximum number of payment units for the bidder with the winning bid if the ~~second bidder is declared the winner and the final~~winning ~~price~~bid is lower than ~~the second automated~~that bidder's automated maximum number of payment units.

15. (Currently Amended) A point-based auction system comprising:

a database with a first account representing a number of points in encrypted form

including incentive points awarded to a first user and a second account representing a number of points in encrypted form including incentive points awarded to a second user;

a processor;

a communications port operatively connected to clients associated with the first user and the second user, respectively;

a memory embodying a computer program for taking as input bids received from the first user and the second user through the communications port, each bid constituting a number of points and relating to an item being auctioned, said computer program having program instructions for causing the processor to perform the steps of: (a) checking each bid against the database to confirm that the user submitting the bid owns at least the number of points specified in the bid, (b) storing information identifying the current high bid, (c) reserving a number of points equal to the current high bid from the account of the user who submitted that bid such that those points may not be used for any other purpose until unreserved, (d) unreserving reserved points once a higher bid is received and validated, (e) at the end of the auction, awarding the item to the user with the highest bid at that point, (f) subtracting the number of points representing the winning bid from the account of the user who submitted the winning bid, and (g) discarding from user accounts any unredeemed points whose time has expired.

16. (Previously Presented) A system as in Claim 15 in which the computer program has further instructions for causing the processor to perform the further step of awarding incentive points to users for actions taken by users.

17. (Currently Amended) A system as in Claim 16 in which the incentive points are maintained in encrypted form to prevent unauthorized access.

18. (Cancelled)

19. (Currently Amended) In a networked computer system, an auction method, comprising:

(a) providing a database with a plurality of accounts for holding points in encrypted form;

(b) awarding a quantity of incentive points to a first user, including adding the first quantity of first user incentive points to a first account from among the plurality of accounts;

(c) awarding a quantity of incentive points to a second user, including adding the quantity of second user incentive points to a second account from among the plurality of accounts;

(d) initiating an on-line auction for an item, including specifying a minimum number of incentive points required for an opening bid;

(e) receiving in an auction server a first bid from the first user via a web server;

(f) comparing the first bid against the minimum number and rejecting the first bid if the first bid is lower than the minimum number;

(g) comparing the first bid against the number of incentive points available in the first account and rejecting the first bid if the first bid is higher than the number of incentive points available in the first account;

(h) if the first bid has not been rejected, storing an indication that the first bid is the current high bid and reserving out of the first account a number of incentive points ~~represetative of~~for the first bid;

(i) receiving in the auction server a second bid from the second user via the web server;

(j) comparing the second bid against the current high bid and rejecting the first bid if the first bid is lower than the current high bid;

(k) comparing the second bid against the number of incentive points available in the second account and rejecting the second bid if the second bid is greater than the number of incentive points available in the second stored account;

(l) if the second bid has not been rejected, storing an indication that the second bid is the current high bid, reserving out of the second account a number of incentive points ~~representative of~~for the second bid, and unreserving the incentive points previously reserved out of the first account;

(m) after receipt of n additional bids, closing the auction;

(n) awarding the item to the user who submitted the highest valid bid by the close of the auction and removing from that user's account the number of incentive points reserved for that bid, whereby the number of incentive points reserved for the bid are redeemed for the item; and

(o) removing any unredeemed incentive points from the first and second accounts if their time has expired.

20. (Previously Presented) The method of Claim 19, wherein incentive points are awarded as a result of the first user viewing an advertisement.

21. (Currently Amended) The method of Claim 19, wherein incentive points are awarded as a · result of the first user signing up for a service.

22. (Previously Presented) The method of Claim 19, wherein incentive points are awarded as a result of the first user providing identification information.

23. (Currently Amended) A system comprising:

a first database including a first entry representing a number of incentive points held by a first user, a second entry representing a number of incentive points held by a second user, a third entry representing a number of incentive points held by the first user which are currently reserved and a fourth entry representing a number of incentive points held by the second user which are currently reserved;

a second database including a first entry representing a first item to be auctioned and a second item to be auctioned;

means for adding incentive points to the first entry when the first user performs actions for which incentive points are awarded and for adding incentive points to the second entry when the second user performs actions for which incentive points are awarded;

means for adding incentive points to the third entry when the first user submits a valid high bid in an auction and for adding incentive points to the fourth entry when the second user submits a valid high bid in an auction;

means for deleting incentive points from the third entry when a valid bid is received which is higher than the high bid previously submitted by the first user, and for deleting incentive points from the fourth entry when a valid bid is received which is higher than the high bid previously submitted by the second user; and

means for removing any unredeemed incentive points from entries in the first database whose time has expired.

24. (Previously Presented) A system as in Claim 23, wherein the first database maintains the

incentive points in encrypted form.

25. (Previously Presented) A system as in Claim 24, in which

the actions for which incentive points are awarded include viewing advertisements.

26. (Previously Presented) A system as in Claim 25, in which

the first database further includes a fifth entry representing a number of incentive points not owned by the first user but available as credit to that user.

27. (Currently Amended) A point-based auction system comprising:

a database with a first account representing a number of incentive points awarded to a first user and a second account representing a number of incentive points awarded to a second user, wherein ~~all~~ the incentive points are maintained in encrypted form;

a communications port operatively connected to clients associated with the first user and the second user, respectively;

a processor; and

a memory embodying a computer program ~~operative~~ for taking as input reserve amounts and bids received from the first user and the second user through the communications port, each reserve amount representing ~~the~~ a maximum number of the incentive points reserved for an auction, each bid constituting a number of incentive points and being related to an item being auctioned, said computer program ~~being further operative~~ having program instructions for causing the processor to perform the steps of: (a) checking each reserve amount against the database to confirm that the user submitting the bid owns at lest the number of incentive points specified in the respective reserve amount, (b) for each reserve amount, subtracting ~~the~~ that reserve amount from ~~each~~ a respective user's ~~respective~~ account, (c) checking each bid against the database to confirm that ~~the amount in~~ the bid is lower than ~~the amount in~~ the reserve amount associated with the bid, (d) storing information identifying the current high bid, (e) unreserving the ~~points specified in the~~ reserve amount once a higher bid is received and validated, (f) at the end of the auction, awarding the item to the user with the highest bid at that point, and (g) removing any unredeemed incentive points whose time has expired.

28. (Currently Amended) The system of claim 27, wherein the computer program includes further instructions for causing the processor to perform the~~are~~ further ~~operative for~~steps of: (h) subtracting the number of points representing the winning bid from the reserve amount to generate an unreserved amount, and (i) adding the unreserved amount to the amount of incentive points in the account of the user who submitted the winning bid.

29. (Currently Amended) A method comprising:

(a) providing a computer database accessible through a communication port for receiving bids from users and for ~~storing~~maintaining a plurality of accounts ~~for~~that hold ~~holding~~incentive points in encrypted form;

(b) awarding a quantity of incentive points to a first user, including adding ~~the~~that first quantity to a first one of the ~~stored~~accounts ~~of~~associated with the first user~~incentive points~~;

(c) awarding a quantity of incentive points to a second user, including adding ~~the,~~that quantity to a second one of the ~~stored~~accounts ~~of~~associated with the second user~~incentive points~~;

(d) removing incentive points from the first and second ~~stored~~accounts ~~once a certain~~if not redeemed within a period of time ~~has elapsed from~~after the awarding of such points.

(e) initiating an on-line auction for an item, including specifying a minimum number of incentive points required for an opening bid;

(f) receiving a first bid from ~~a~~the first user~~through a the communications port~~;

(g) comparing the first bid against the minimum number and rejecting the first bid if ~~the first bid~~it is lower than the minimum number; and

(h) comparing the first bid against the number of ~~unreserved~~incentive points in ~~a~~the first one of the ~~stored~~accounts and rejecting the first bid if ~~the first bid~~it is higher than the number of ~~unreserved~~incentive points in ~~the first stored~~that account.

30. (Currently Amended) The method of claim 29, further comprising:

(i) if the first bid has not been rejected, storing an indication that the first bid is the current high bid and reserving a number of incentive points ~~in~~for the first bid from the first one of the ~~stored~~accounts~~equal to the amount of the first bid~~.

31. (Currently Amended) The method of claim 30, further comprising:

(j) receiving a second bid from the second user ~~through a communications port~~;

(k) comparing the second bid against the current high bid and rejecting the first bid if ~~the first bid~~it is ~~less~~lower than the current high bid; and

(l) comparing the second bid against the number of ~~unreserved~~incentive points in the second one of the~~stored~~ accounts and rejecting the second bid if ~~the second bid~~it is ~~greater~~higher than the number of ~~unreserved~~incentive points in ~~the second stored~~that account.

32. (Currently amended) The method of claim 31, further comprising:

(m) if the second bid has not been rejected, storing an indication that the second bid is the current high bid, reserving a number of incentive points for the second bid from~~in~~ the second one of the~~stored~~ accounts ~~equal to the amount of the second bid~~, and unreserving the number of incentive~~first account~~ points previously reserved ~~in step~~from the first one of the accounts.

33. (Currently amended) The method of claim 32, further comprising:

(n) after receipt of n additional bids, closing the auction; and

(o) awarding the item to the user who submitted the highest valid bid ~~as of~~by the close of the auction and ~~deleting~~redeeming from that user's account ~~that~~the number of incentive points reserved ~~in that~~from the user's account ~~as a result of~~for that bid.

34.   Cancelled.

35. (Currently Amended) The method of Claim 29, in which:

the ~~step of~~awarding of incentivepoints ~~occurs as a~~results from~~of~~ the first user viewing an advertisement.

36. (Currently Amended) The method of Claim 29, in which:

the ~~step of~~awarding of incentive points ~~occurs as a~~results from~~of~~ the first user signing up for a service.

37. (Currently Amended) The method of Claim 29, in which:

the ~~step of~~awarding of incentive points ~~occurs as a~~results from~~of~~ the first user providing

identification information.